

Message Text

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ACTION NEA-10

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SUBJ: IRANIAN SOCIAL SECURITY LAW

REF A. STATE 218727 B. STATE 14438 C. TEHRAN 8432

1. QUESTION OF QUID PRO QUO GOI LIKELY TO DEMAND FOR
GRANTING EXEMPTION TO INDIVIDUAL AND CORPORATE
CONTRIBUTORS TO THE US SOCIAL SECURITY SYSTEM IS BEING
TAKEN UP SHORTLY WITH REZA NEGHABAT, UNDER SECRETARY,
MINISTRY OF HEALTH AND SOCIAL WELFARE, BYT ECONOMIC/
COMMERCIAL COUNSELOR. NEGHABAT IS GOI OFFICIAL RESPONSIBLE
FOR ESTABLISHING PROCEDURES FOR IMPLEMENTATION OF NEW
LAW. COPIES OF TREATIES HAVE BEEN REQUESTED FROM FRENCH
AND GERMAN EMBASSIES.

2. WE BELIEVE IT LIKELY THAT GOI WILL HOLD OUT FOR
FULL RECIPROCITY. GENERAL TENDENCY IN IRAN AS SOCIAL
LEGISLATION AND MODERN BUREAUCRATIC PROCEDURES ARE
INTRODUCED IS TO REDUCE PREFERENCES, EXEMPTIONS AND
SPECIAL TREATMENT WHICH HAVE BEE
SO CHARACTERISTIC
OF GOVERNMENTAL AND INTERPERSONAL RELATIONS IN THE PAST.
PARTICULARLY IN VIEW OF FACT THAT LEGISLATION IS MODELED IN
GREATPART ON U.S. LAW, WE WOULD EXPECT GOI TO HOLD OUT.

3. ALTHOUGH ECONOMIC MERIT OF EXEMPTING U.S. BUSINESSMAN
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HERE IN PURSUITOF COMMERCIAL AND TRADE GOALS AS EXPRESSED

BY JOINT COMMISSION CAN BE CITED, SUCH AN ARGUMENT IS NOT LIKELY TO AFFECT GOI THINKING IF PREVIOUS EXPERIENCE WITH BUREAUCRATIC REQUIREMENTS IS ANY GUIDELINE; E.G., UNWILLINGNESS OF GOI TO CONFER OFFICIAL STATUS ON USG EMPLOYEE TECHNICAL EXPERTS AND FAILURE TO UNRAVEL CONSEQUENT PROBLEMS OF STATUS AND TAXATION ON A TIMELY BASIS.

4. RE REFTEL (A), AMONG U.S. FIRMS WHOSE TEHRAN OFFICES HAVE REQUESTED LETTER OF EXEMPTION CITED REFTEL (C) FROM EMBASSY IN RECENT MONTHS ARE: CATERPILLAR, CITIBANK, DEVELOPMENT AND RESOURCES CORP., DRESSER, GRUMMAN, GTE, HOUSTON CONTRACTING CO., KAISER ENGINEERS, LINBECK CONSTRUCTION, PARSONS-JURDEN (H.M. PARSONS CO.), PHILADELPHIA NATIONAL BANK, SEA LA D SERVICES, WESTINGHOUSE, A D WILLIAMS BROTHERS INTERNATIONAL. ALL BUSINESS FIRMS AND INDIVIDUALS HERE WOULD CLAIM THAT THEY EXPERIENCED SERIOUS DIFFICULTY WITH NEW IRA IAN LAW. THE COMPANIES MOST AFFECTED, HOWEVER, WOULD BE LARGE COMPANIES WITH EXTENSIVE CONSULTING AND/OR CONSTRUCTION CONTRACTS REQUIRING LARGE NUMBERS OF EXPATRIATE EMPLOYEES, SUCH AS MORRISON-KNUDSEN, FLUOR CORP. ETC.

5. DEPARTMENT SHOULD NOTE THAT THE ABOVE LIST IS NOT NECESSARILY INCLUSIVE SINCE (A) SOME COMPANIES OF LONGSTANDING IN IRAN ARE EXEMPTED ON THE BASIS OF ARRANGEMENTS MADE SOME TIME AGO AND (B) IT IS POSSIBLE THAT SOME COMPANIES HAVE BEEN EXEMPTED ON THE BASIS OF DOCUMENTATION OTHER THAN A COMMERCIAL CERTIFICATE; 3.G. AFFIDAVIT NOTARIZED BY CONSULAR SECTION OR OTHER ARRANGEMENTS (AS NOTED EARLIER, EXEMPTION IS AD HOC AND PROCEDURES MAY VARY DEPENDING ON OFFICIAL WITH WHOM CORPORATE REPRESENTATIVES DISCUSSED SITUATION).

6. ADDITIONALLY, IT SHOULD BE NOTED THAT SOME FIRMS UNDER CONTRACT TO THE MILITARY, FOR EXAMPLE BELL HELICOPTER, HAVE EXEMPTIONS WRITTEN INTO THEIR CONTRACTS, A PROCEDURE EXCLUSIVE TO MILITARY CONTRACTS, AND THEN ONLY ON AN LIMITED OFFICIAL USE

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ON INDIVIDUAL CONTRACT BASIS. WHETHER THIS PROCEDURE WOULD CONTINUE TO BE AN OPTION AVAILABLE TO MILITARY CONTRACTORS WILL BE TAKEN UP WITH MR. NEGHABAT.

7. LOCAL IRAN-AMERICA CHAMBER OF COMMERCE COMMITTEE HAS BEEN IN CONSULTATION WITH EMBASSY ON THIS SUBJECT AND PLANS TO MAKE REPRESENTATION ON BEHALF OF MEMBERSHIP, COORDINATED

WITH EMBASSY DISCUSSIONS. DO NOT BELIEVE IT NECESSARY AT THIS STAGE TO BRING IN JOINT BUSINESS COUNCIL. DEPENDING ON DIRECTION OF DIALOGUE, WE COULD CONSIDER BUSINESS COUNCIL PARTICIPATION AT LATER DATE.

8. SUGGEST THAT REPS OF COMPANIES WITH LARGE NUMBERS OF EXPATRIATES ON INFRASTRUCTURE PROJECTS, WHOSE VISIBILITY IN TERMS OF INCREASED COSTS IS HIGHEST, CO SULTWITH SSA AND POSSIBLY TESTIFY. ACCORDINGLY, WE WILL BE ASKING LOCAL REPS OF SOME OF LARGEST COMPANIES LISTED ABOVE TO DISCUSS SITUATION WITH HOME OFFICES AND WILL PROVIDE NAMES OF THOSE WHO REACT POSITIVE LY TO SUGGESTION. HELMS

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